

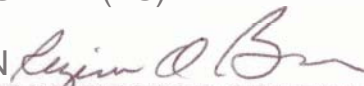


U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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February 23, 2006

MEMORANDUM FOR ALAN R. SWENDIMAN  
ACTING CHIEF OF STAFF (AC)

FROM: REGINA M. O'BRIEN   
DEPUTY ASSISTANT INSPECTOR GENERAL  
FOR REAL PROPERTY AUDITS (JA-R)

SUBJECT: Interim Audit Memorandum No. 1 -  
Preliminary Observations on GSA's Response to  
Hurricane Katrina – Standard Operating Procedures  
Audit Number A060055

As indicated in our Audit Engagement Letter of November 3, 2005, the General Services Administration's (GSA) Office of Inspector General - Office of Audits has been conducting a review of GSA's support for the Federal Emergency Management Agency (FEMA)' in response to Hurricane Katrina. In performing this audit, we are examining GSA's support for FEMA, including GSA's procurements for FEMA under Emergency Support Function 7 (ESF-7), charges against mission assignments, as well as management controls and processes internal to GSA. To date, we have made site visits to FEMA's joint field offices (JFO) in Jackson, MS and Baton Rouge, LA, as well as to GSA's Southeast Sunbelt and Greater Southwest regional offices.

This review is being conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of its examination of relief efforts provided by the Federal government in the aftermath of Hurricanes Katrina and Rita. As such, a copy of this memo will be forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspector General reviews of this important subject. While we are continuing with the audit, we are providing initial observations regarding GSA's response to Hurricane Katrina. Once fieldwork is complete, we will issue an audit report and provide our assessment of the overall effectiveness of GSA's efforts.

GSA provides support to FEMA under Emergency Support Function 7 (ESF-7) as outlined in the National Response Plan (NRP) dated December 2004; however, its current policies and guidance, as well as its memorandum of understanding

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<sup>1</sup> FEMA is a sub-agency of the Department of Homeland Security.



with FEMA, pre-date this plan. In July 2004, the GSA Office of Emergency Management initiated a review of GSA's emergency management program including its roles and responsibilities under the NRP. Before the review's recommendations could be considered for adoption, Hurricane Katrina struck. Currently, GSA is in the process of developing and/or revising its policies and guidance for the emergency management program as well as the interagency agreement between GSA and FEMA.

GSA's multi-region response to Hurricane Katrina has also indicated the need to update policies and guidance. Although most of the damage was incurred in two GSA regions, the Southeast Sunbelt region and the Greater Southwest region, the hurricane also had an indirect impact on other regions that provided contracting officers and realty specialists to assist the relief efforts. The involvement of multiple regions served to highlight that operating policies and procedures vary from region to region and are in some cases inconsistent as noted below:

Mission Assignments: FEMA issues mission assignments to GSA under ESF-7 primarily to either activate GSA employees under ESF-7 or to sub-task<sup>2</sup> other support functions and agencies. However, regional controls and processes are inconsistent, which make it difficult to reconcile GSA's support with the mission assignments recorded by FEMA. Examples of these inconsistencies include:

- FEMA submits mission assignments to GSA Regional Emergency Coordinators (REC) to activate the ESF-7 support function as well as for other specified tasks. In one region, these mission assignments are logged so they can be tracked by the REC. In another region, the mission assignments are not logged.
- Often, FEMA has ESF-7 sub-task mission assignments for certain tasks to other support functions. However, GSA's regions do not handle these mission assignments consistently. One region accepts this type of mission assignment, logs it, and forwards it to the support function sub-tasked on the mission assignment. The other region only accepts mission assignments for the activation of ESF-7 and does not accept mission assignments that sub-task other support functions.

Procurement Processing: Regional processing of procurements also varies from region to region as discussed below, which can impact GSA's work processes with FEMA as well as GSA's ability to assess its workload.

- In order to have GSA initiate a procurement under ESF-7, FEMA submits a request for the product or service that is needed. One GSA region accepts the request using either the Action Request Form (FEMA Form

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<sup>2</sup> If a mission assignment sub-tasks another agency through ESF-7, GSA transfers the mission assignment to the other agency and does not participate either operationally or financially.

90-136) or the Requisition for Supplies, Equipment and/or Services (FEMA Form 60-1). The other region requires the use of the Action Request Form and does not accept the Requisition form.

- Both regions use tracking logs to monitor the receipt of requests, funding documents, and the contracts awarded under ESF-7. However, the logs use different formats and do not collect all of the same data. This can lead to problems in assessing workload and reporting. For example, GSA has reported that as of December 20, 2005, it procured approximately \$1.076 billion in goods and services in support of FEMA; however, this consolidated amount double-counts approximately \$200 million in contracts.
- At the outset of the disaster, neither region was aware of FEMA's obligation process for funding awards. As a result, some contracts were issued without funds being obligated. One region was able to reconcile its awards with FEMA and incorporate the obligation process into its procedures; however, the other region has struggled to resolve the issue.

Reimbursement of Costs: FEMA reimburses GSA for costs associated with activating employees for ESF-7, including travel and payroll costs. However, regions have been using inconsistent methods to determine how to charge FEMA for payroll costs as discussed below.

- According to one Regional Emergency Coordinator, overtime is the only personnel cost being charged to FEMA in that region. In contrast, another region is charging personnel costs for both regular and overtime to FEMA. On December 13, 2005, the GSA Office of the Chief Financial Officer issued guidance stating that all costs paid through revolving funds should be reimbursed by FEMA and costs paid through appropriated funds and reimbursed by FEMA should be limited to overtime, travel, and per diem.

These observations will be explored further in our continuing audit fieldwork and reported in a future audit report. You will have the opportunity to respond to the draft report before the final report is issued. Therefore no written comments or corrective action plan are required at this time. In addition, because this memorandum is not a report nor does it contain formal recommendations, it is not subject to the audit resolution process.

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact R. Nicholas Goco, Audit Manager, or me on (202) 219-0088.

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